

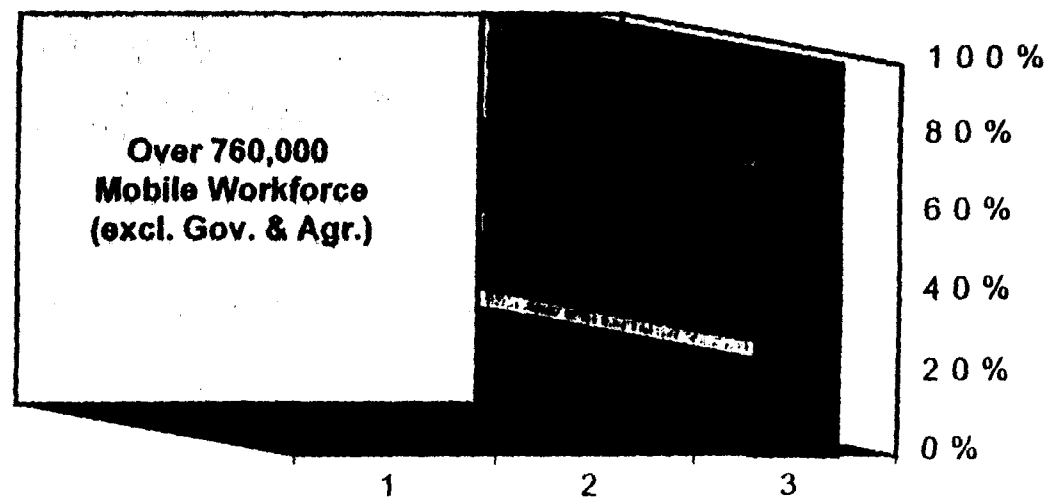
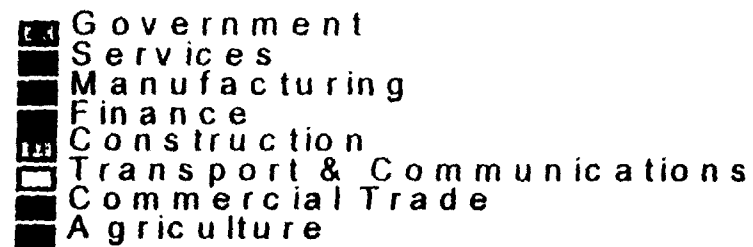
Market Plan

The Puerto Rico Wireless Market

Employment Distribution by Sector

Agriculture	34,250
Commercial Trade	211,000
Transport & Communications	28,000
Construction	56,667
Finance	35,583
Manufacturing	172,000
Services	248,917
Government	297,000
Total	1,070,417

Source: Dept. of Labor & Human Resources 1996.



Market Plan

The Puerto Rico Wireless Market

Puerto Rico Spectrum, Regulatory, Import Duties

- **SPECTRUM**

Puerto Rico's spectrum related regulations all fall under the US Federal Communications Commission (FCC) jurisdiction.

- **REGULATORY**

Telecommunications Regulatory Board- formed to regulate all local communications issues and compliance with federal deregulation independent of government owned PR Telephone Co. Previously function was handled by PR Telephone Co.

- **ASSOCIATION OF PRIVATE TELECOMMUNICATIONS PROVIDERS**

Association of communications providers (excluding PRTC) formed after new the Telecommunications Act was put into effect, to overview common issues and local government compliance. An annual fee must be paid based on revenues.

- **WIRELESS COMMUNICATIONS DUTIES**

6.6% Excise (Import) Tax on all wireless products- includes Subscribers & Infrastructure

- **SITES**

Site costs: High Sites: \$800 per month

Metro Area Low sites: Ranges from \$1200 to \$3000 per rooftop. If site is new cost does not include modifications.

- **MICROWAVE**

<u>Outside Puerto Rico</u>	<u>Monthly Rent</u>	<u>Installation</u>
T1 from San Juan to any US location	\$21,060.00	\$1500.00
T1 from Miami to Ft. Lauderdale	\$ 1,500.00	\$ -
<u>Local</u>		
T1 from San Juan to Arecibo	\$ 1,730.49	\$ 546.00
T1 from San Juan to Mayaguez	\$ 2,462.86	\$ 546.00
T1 from San Juan to Ponce	\$ 1,835.36	\$ 546.00

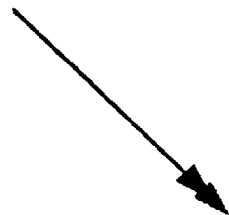
Market Plan

Services and Products

TPR's Unique Service and Product offering will permit participation in two distinct and competitive wireless markets

Trunking (SMR) oriented products

r300
r370/r370XL
m370-Mobile & Base
m100-Mobile & Base



Dispatch +
Work Groups

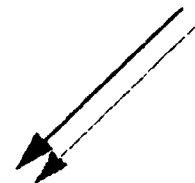
Analog SMR
Private Radio Systems
Conventional 2-Way Radio

Pager/Radio

FUTURE PRODUCTS
Wireless Data
Family Communications

Digital Cellular oriented products

r280
r370XL
r470XL
m370-Mobile



Cellular
Products

Analog Cellular
Digital Cellular
PCS

Pager/Cellular

FUTURE PRODUCTS
Wireless
Packet & Switched Data

Market Plan

Services and Products

Motorola's iDEN System

- **IDEN System Technology**

- Motorola's Integrated Dispatch Enhanced Network (iDEN) System is the second generation, fully digital, integrated radio-telephone and dispatch system in the trunked SMR land mobile spectrum and contains the following features:

Dispatch Communications Features:

- Private Call
- Group Call
- Automatic Queuing and Callback
- Recent User Priority
- Accounting Records Collection

Telephone Interconnect Communications Features:

- Full Duplex
- Call Transfer (No Answer Transfer and Busy Transfer)
- Call Forwarding (User Definable Conditions)
- Call Restrictions (User Definable Conditions)
- Call Hold
- Call Waiting
- Three Party Conference Calling
- Accounting Records Collection

Increased capacity, up to six times that of analog trunking through digital TDMA transmission and VSELP voice compression technologies.

Market Plan

Services and Products

SMR Market Characteristics

- Lowest churn rate of wireless market (vs cellular & paging). - stable base of users (revenue).
- Demand for SMR services experienced a 14% growth in 1993 compared to a 12% rate in 1992.
- Business user- stable user, higher investment in subscribers make entry a business decision but exit an expensive one.
- Users in need of multiple wireless technologies.
- Blue collar/ technician work force user (dispatch market).
- Substitutes/supplements cellular were cellular is used as a dispatch instrument.
- Trunked radio must be sold: sales presentation and justification must be made and explained - not a consumer item such as cellular or paging where functioning of technology is straight forward.

Market Plan

Services and Products

Advantages of Two-way SMR Radio Communications

- **Always talk to your own group of people**
 - » **All at once (Instant conferencing)**
 - » **Individually (Private Call)**
- **Fast network access time**
- **Most cost effective one to many connection**
- **Independent of land lines or telecom operators**
- **Customization of system to organization requirements (Talk Groups)**

Market Plan

Services and Products

Operational Advantages of Two-way SMR Radio Communications

- **Provides operational control of people and vehicles across the entire Island**
- **Dynamic scheduling of business operations on a real time basis**
- **Safety and security of organization members and internal wireless communications**
- **Responsive and efficient customer service**

Saving businesses money is always an attractive selling point.

Market Plan

Target Markets

TPR's Wireless Voice Affiliation

Dispatch +
Work Groups

TRADITIONAL TWO-WAY RADIO USERS

Construction
Delivery/Messengers
Field Service
Funeral Homes
Journalism
Landscape Planning
Limo/Private Car
Manufacturing
Pest Control
Property Management
Rental Services
Surveyors
Security/Police Services
Tourism Services
Transportation
University Campus
Warehousing
Wholesale Distributors

Cellular
Business

Business Services

Accountants
Architects
Engineers
Consultants
Brokers
Event Coordinators
Financial Services
Insurance
Real Estate

Professional Services

Doctors/Dentists
Lawyers
Health Care Services

Occupation/Function

Administration/Secretaries
Executives/Owners
Managers: Sales & Operations
Sales/Mobile Office
Small Business Owner

All organizations require different sets of communications capabilities:

ONE TO ONE- Cellular, Radio Private Call, Paging
ONE TO MANY- Group Page, Radio Group Call-Instant Conferencing
As they communicate internally or externally in the organization.

Only TPR will be able to provide all of these wireless capabilities:
On the same system and with only one device.

Market Plan

Target Markets

Market Penetration by Segment

	1998	1999	2000	2001	2002	2003	2004	Total
Total Market	463,000	547,000	646,000	762,000	899,000	1,060,000	1,257,000	
New Entrants	59,940	83,400	98,500	116,000	137,000	161,800	191,000	847,640
Replacement (included in New Entrants) Users at 15%	8,991	12,510	14,775	17,400	20,550	24,270	28,650	127,146
TPR Projected Subscribers Net-Add on	11,400	13,110	14,649	13,184	11,866	10,679	1,061	
TPR from Cellular	9,120	10,488	11,719	10,547	9,493	8,543	849	60,759
TPR from SMR/Dispatch	2,280	2,622	2,930	2,637	2,373	2,136	212	15,190
SOURCES								
TPR % of New Cellular Users	15.22%	12.58%	11.90%	9.09%	6.93%	5.28%	0.44%	
TPR % of Cellular Market	1.97%	1.92%	1.81%	1.38%	1.06%	0.81%	0.07%	
7% of Cellular users with two-way radio	4,195	5,890	6,860	8,120	9,430	11,500	13,370	59,365
TPR % Cell/2-Way Radio	54.35%	44.52%	42.71%	32.47%	25.17%	18.57%	1.59%	

Assumes all dispatch users will come from this segment only.

Notes: Total Market based on 40% Penetration in the next 8-10 years.

Replacement value was 15% for US market during 1996.

Source: US Wireless Demographics- Cellular Market Forecasts: Herschel Shosteck Associates

Market Plan

Target Markets

TPR's Competitive Comparison in Products and Services

Internal Communications	TPR's	
<u>Dispatch</u>	<u>Position</u>	<u>Comments</u>
Analog vs Digital Privacy	Unique	
Island wide Coverage	Best	Best coverage offering
Integrated: Cellular/Pager/Radio	Unique	
Private Call	Best	Current analog SMR do not promote Private Call for capacity reasons
Cost of maintaining and upgrading conventional UHF/VHF systems.	Best Offering	
External Communications		
<u>PCS/Cellular</u>		
Instant Conferencing	Unique	Limited conference call participants and speed of setup in Cellular/PCS systems.
Integrated Cellular & Pager	Equal/Better	Motorola Brand recognition
2-Way Radio/Cellular user	Unique	
Analog to Digital	Equal	
More sophisticated Phone (Replacement User)	Equal/Better	Motorola Brand recognition, Instant Conferencing, integrated paging
High Value Commercial Segment- Mobile Professionals requiring internal & external Communications.	Unique	Unique offering in user controlled and defined internal/external communications cost and capabilities.

Market Plan

Marketing Programs and Initiatives

Nextel Success Story Customers

- **Xerox**

"If you tried to take it away from our people, you couldn't pry it out of their hands," says Xerox's Julie Ross, a program manager who gave Nextel phones to repair engineers. Members of a Xerox team ...used to have to page each other, then find a phone, missing each other. Now, on the job, one member can hit the instant conferencing button to call the whole team.

- **Ducts Unlimited, Chicago**

...is hooked on Nextel. The company,..., used to give its field workers cell phones and pagers. "The guys abused the cell phones," says owner Daryl Mirza. He switched to Nextel, disarmed the phone calling part of the service and let workers stay in touch using the instant conferencing service.

Source: USA Today 01/14/97

Note: Nextel uses Motorola iDEN technology.

Market Plan

Marketing Programs and Initiatives

Create Three Example Success Story Accounts

- **Banco Popular- Is using of over 200 SMR Radios; 500 Pagers; 300 Cellular Phones.**
 - Currently a lack of better SMR coverage has impeded greater use of SMR radios.
- **Xerox- Presently a user of 35 SMR radios in their service organization.**
 - All also use pagers and 50% have cellular phones-company or personally acquired.
- **HD Telecom- Is a heavy user of cellular phones (15) with an annual bill of over \$20,000.**
 - Savings of \$70 per month per user is appealing to owner.

Market Plan

Marketing Programs and Initiatives

Market Program: Activate

- **For customers that provide Instant Conferencing and Private Call only, to their Mobile Workforce:**
 - Promote a separate Phone and/or SMS (paging) activation contract billed to the individual.**
 - Incentivize businesses by reducing their business bill and also an incentive to the individual in form of a reduced monthly charge or package of airtime minutes.**

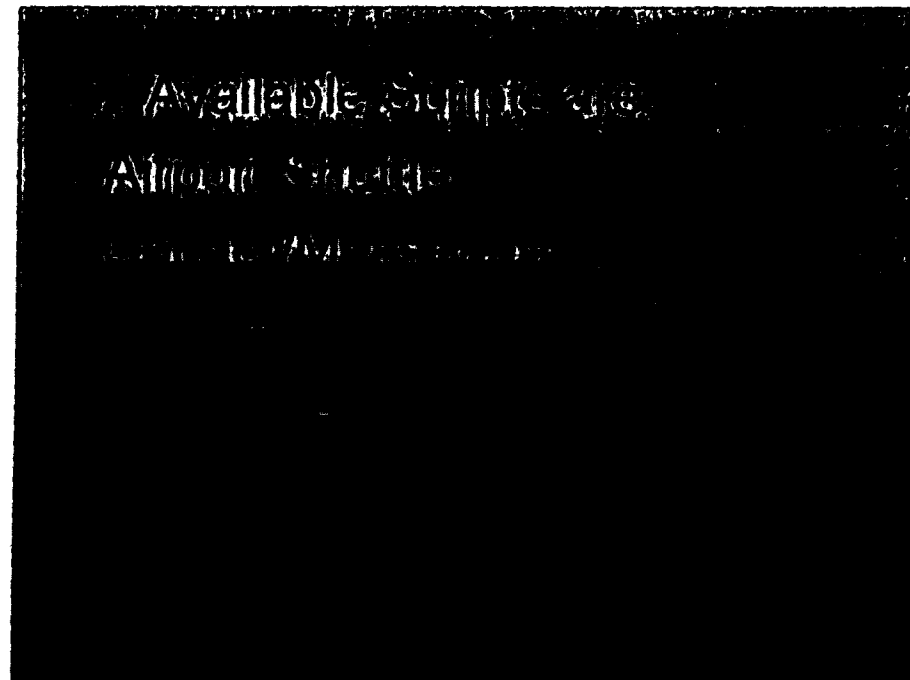
INCENTIVE WILL BE PAID BACK IMMEDIATELY BY AVOIDING

Market Plan

Marketing Programs and Initiatives

Vertical Market Scripts

- Vertical Market scripts will serve as guidelines for Direct Sales force approach to selected industries.
- It will provide a map on how to approach management of any given business with some of the typical vocabulary and problems of the industry.
- Focus on communications issues and integration capabilities of **TPR's** solutions will increase sales close ratio.
- These scripts will also be used for training of select indirect distribution channels with their own sales forces.
- The base source for these scripts are the Small Business Accounting Journals Summary- this publication describes functional aspects of businesses and Motorola Two-Way Radio Sales Training Materials .



Market Plan

Marketing Programs and Initiatives

Vertical Market Segmentation

- **Method of Market Segmentation**

- Summarize occupational survey by SIC Code.
- Complete Vertical Market Scripts for industries with heavy amounts of Mobile Workforce members.
- Segment industry by the seven Regional locations: (San Juan, Arecibo, Bayamon, etc.)
- Complete a telemarketing sweep of selected industry: Survey to complete information of current wireless tools used.
- Target all accounts for follow up by Direct Sales force, or indirect channels.
- Coordinate vertical market seminars in areas with larger concentration of firms.

● Occupational Employment Survey is an annual survey conducted by the Bureau of Labor Statistics of the Department of Labor and Human Resources in cooperation with the US Department of Labor, Bureau of Labor Statistics. The survey has been designed to produce estimates of employment and wages occupation by industry.

● The survey provides information of industries sorted by Standard Industrial Classification codes of the amount of employees by each occupation.

● An analysis of any SIC will show the number of mobile workforce members in that SIC.

Market Plan

Marketing Programs and Initiatives

Occupational Summary of SIC 5900 Miscellaneous Retail

Total Employees: 15,310	
Occupational Classification	Employees
Managerial & Administrative	410
Professional & Technical	2,640
Sales & Related Occupations	8,750
Clerical & Administrative	1,680
Service Occupations	770
Product Construction & Material Handling	1,060

Further breakdown of each classification shows that the following can be classified as possible users of TPR products and services:

260	Marketing & Advertising Managers
10	Communications/Transportation Managers
1,390	Sales Related 1st Line Supervisors
3,450	Salespersons
560	In Dispatching and Distribution
240	Janitors and Cleaners

Market Plan

Marketing Programs and Initiatives

Private Call vs Traditional Cellular Sales Story

The following outlines a cost justification example of advantages of

Private Call versus Cellular/PCS call.

\$250 Monthly Cellular Bill

x60% Percent of internal calls

\$150

-\$ 80 Monthly Dispatch only bill

\$70 Monthly Savings

\$800 Two units (\$400 price per iDEN unit)

Twelve month payback on equipment and service after which there is a net savings of \$70 monthly.

Market Plan

Marketing Programs and Initiatives

Private Call vs Traditional Cellular Sales Story....continued

- Private Call justification applies to the lone professional communicating back to his office.
- As the size of the workgroup is larger the communications paths internal to the organization increase.
- The cost justification for multiple users/organizations is more evident.

**TPR will be uniquely positioned in the market place
to offer a single device that will offer both
capabilities.**

Market Plan

Marketing Programs and Initiatives

TPR's "Industry Net"

- **Private Call Application**
Instantly Link associated businesses by placing these companies on one Master Fleet.
 - Reduces the cost of company communications
 - Networking makes it "easier to do business" with members of Net
 - Perfect for small company relationships
 - As perception of value is driven into the program, referral marketing increases
- **Differentiation from Cellular and PCS**
 - Minimize churn with Private Call Application not available from other providers
 - Allow retailers to list their Private Call ID on the industry Net, creating a sales channel out of a communication path.

Market Plan

Marketing Programs and Initiatives

"Industry NET" Channel Marketing

- **Phase I: End User Marketing**
 - Build critical mass and perceived value for "Industry Net"
 - Educate Key-Target Account/leading individuals on benefits/possibilities
- **Phase II: Channel Marketing**
 - Focus on developing existing suppliers into TPR resellers
 - The new target market networks are full of potential
- **Phase III: Sales**
 - Focus on industry's accounts
 - Close a high percentage of sales
 - Be one of the successful resellers to seize the opportunity

Market Plan

Marketing Programs and Initiatives

"Industry Net" Networks

INDUSTRIAL

- Construction Related
- Legal Network
- Auto Insurance Network
- Car Dealer Network
- Realtor Network
- Property Management Network
- Event Coordinators/Rental Companies/Hotels
- Media/Entertainment Network

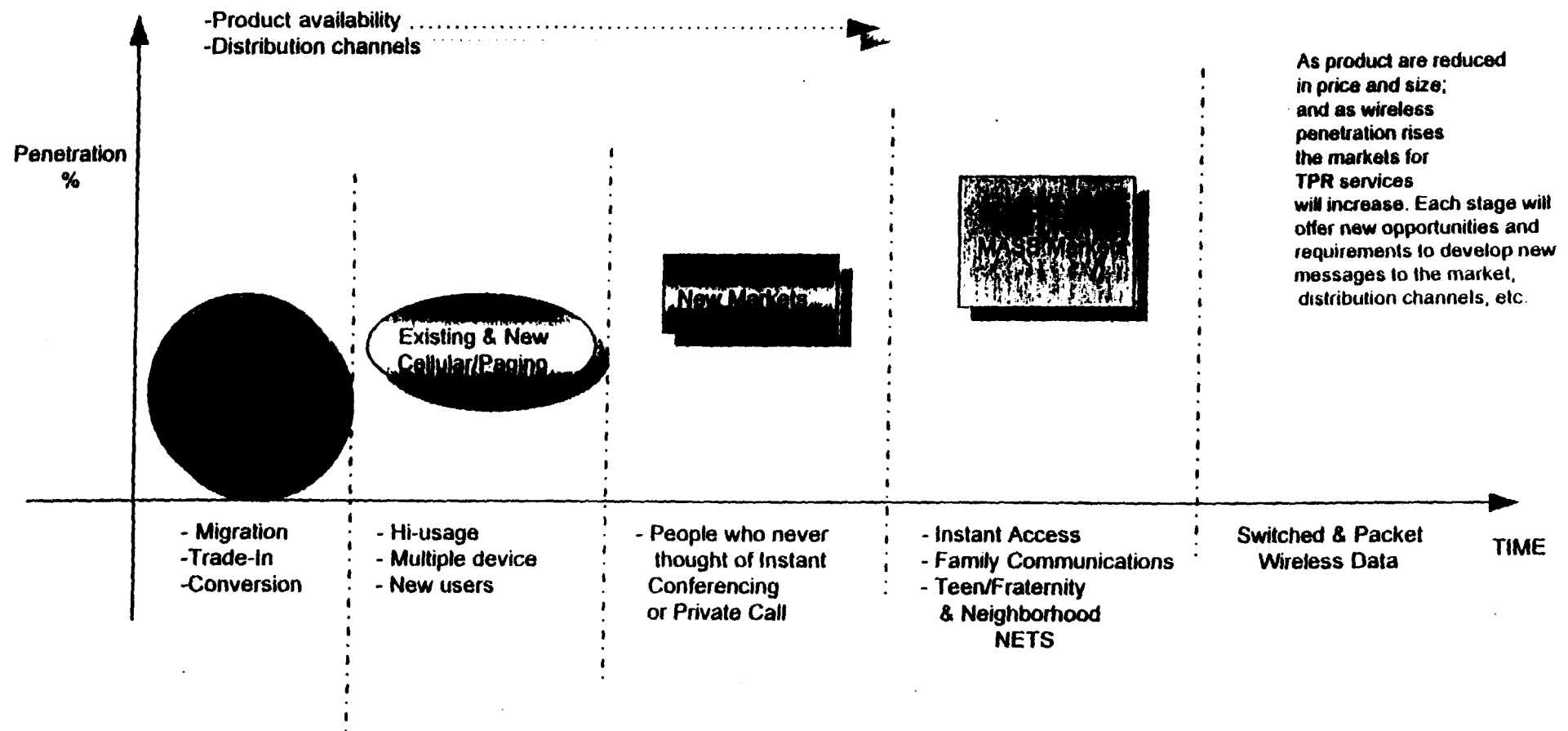
CONSUMER

- Home Owners/Neighborhood Security Network
- Campus Network
- Association/Club Network

Market Plan

Sales and Distribution

Roadmap Adoption and Promotion of Technology

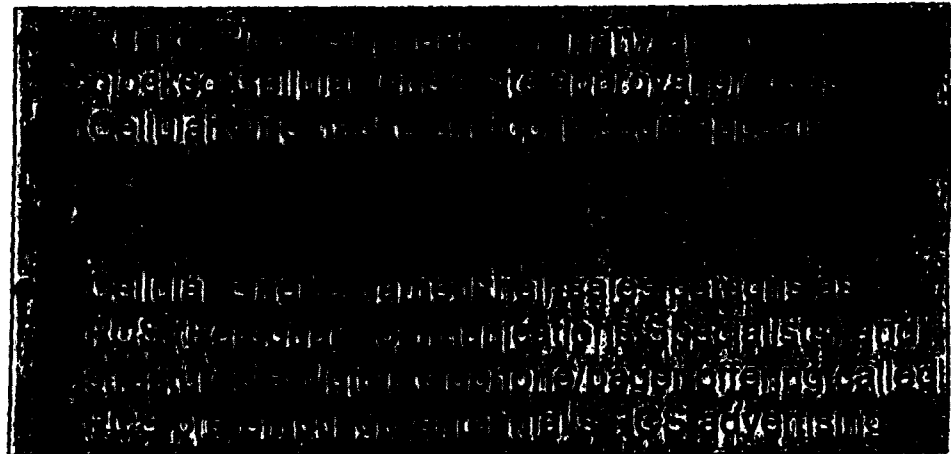


Market Plan

Sales and Distribution

TPR's Phased Approach to Market

- TPR's approach to market will be to appear during initial system rollout (9 to 12 months after starting system construction) to be an SMR only company.
 - During this stage conversion of existing SMR users into digital technology will be initiated.
- This approach will avoid roadblocks to:
 - site access and approvals
 - possible strategy pre-emption
- Indirect approach will permit development of distribution channels, sales story tactics, etc.; before adapting cellular type distribution.



Market Plan

Sales and Distribution

Sales Force

- ***Direct Sales force highlights:***

- Avoid channel conflicts -- All sales persons will have indirect channels as part of their territories.
- Average sale per close is five units (Nextel experience)
- Sales productivity is 30 units/monthly per salesperson (Nextel experience)
- Structured welcome package
- Sales Training will emphasize vertical market approach and justification skills.
- Extensive use of "Needs Analysis Surveys" will enhance professional appearance and presence in front of potential customers. A consultative type of selling will assure larger close ratios and a greater portion of target accounts' wireless business.

Market Plan

Sales and Distribution

Indirect Channels

- Indirect
 - Use of two-way radio dealers as indirect channel
 - Pursue Strategic alliance with a major pager carrier (such as CelPage; Pronto Beepers; Amtel or other paging carrier with existing distribution channels. Offer non-compete agreement regarding setting up a paging company such as Cellular One and Celulares Telefonica; plus management of call center.